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NRO REVIEW COMPLETED

8 OCT 1965

**MEMORANDUM FOR BRIG GENERAL LEO GEARY  
DIRECTOR, PROGRAM D****SUBJECT: Modernization of U-2 Fleet**

At this time, I want to document my position with respect to the program for modernization of the U-2 fleet:

1. I did not coordinate on the 17 August 1965 DNRO memo on this subject, and verbally expressed my non-concurrence to the DNRO as soon as I learned of the memo's existence. My non-concurrence was addressed to the "open-ended" funding implications therein, which assumed that adequate funds were available in FY 1966 and FY 1967.

2. No financial program approvals have been issued for this effort, pending a refinement of the FY 1966 funds required and available. The [ ] requirement reflected in your 20 Sept 65 memo can not be covered without virtually eliminating the undirected balance in the Aircraft and Support Programs. Inasmuch as there are unresolved requests for [ ] above the present undirected balance, it is obvious that considerably less than [ ] can be allocated to the modernization program in FY 1966.

3. To the extent that FY 1966 funds are determined to be available for this effort, I feel that contractual actions must necessarily be related, in view of appropriation laws and specified Secretary of Defense full funding rules for the procurement appropriations. Obligations incurred in excess of funds allocated would clearly be a violation of such laws and rules.

4. Obligations can not legally be incurred in anticipation of FY 1967 fund availabilities. In fact, our FY 1967 budget estimate is predicated on the procurement of new U-2's, not modernization completion costs.

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I feel that the new U-2 requirement is jeopardized by the modernization actions. While we could substitute modernization cost completions in lieu of new U-2's in the OSD/DOB budget reviews, the DOB has already stated an intent to raise an issue on the future of U-2's, whether involving new U-2's or modernization. Accordingly, we have no assurance at this time, that either costs will be included in the FY 1967 President's Budget.

5. Accordingly, I feel that contractual obligating actions in FY 1966 must be limited to the funds allocated (yet to be determined), and that contractual options for FY 1967 effort must be established, which do not obligate the Government in FY 1966 against anticipated FY 1967 appropriations.

I choose to document these positions, because under the circumstances I can not assume responsibility for any obligations or expenditures incurred in excess of fund allocations to be made in FY 1966.

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[s]  
[redacted]  
NRO Comptroller

cc: B/Gen Stewart, SAFSS  
B/Gen Ledford, Director, Program B

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